Digitized by the Internet Archive
in 2010 with funding from
Lyrasis Members and Sloan Foundation

http://www.archive.org/details/minorityreptoinc1864mary

13.

[Document M.]

BY THE HOUSE OF DELEGATES,

MARCH 2, 1864.

Read and ordered to be printed.

MINORITY REPORT

OF THE

COMMITTEE ON WAYS AND MEANS

TO INCREASE THE

STOCKHOLDERS' DIRECTORS

IN THE

BALTIMORE AND OHIO RAILROAD CO.

JANUARY SESSION, 1864.

ANNAPOLIS:
BULL & TUTTLE.
1864.

MINORITY REPORT.

The undersigned, a minority of the committee on Ways and Means, to which was referred the bill to amend the Act of 1826, chapter 123, entitled, "An Act to incorporate the Baltimore and Ohio Railroad Company," respectfully report:

That the State of Maryland is a preferred stockholder to the amonnt of $3,000,000 in the Baltimore and Ohio Railroad Company, and is entitled, under the Act of 1835, chapter 395, to receive a dividend of six per cent. upon this sum, before other stockholders can receive any dividend.

That the only other interest of the said State of Maryland in the said Baltimore and Ohio Railroad Company is $891,200 of stock in the said company.

That the State has ten directors to represent this interest of $3,891,200.

That individual stockholders own $7,677,000 in the stock of this company, and have only twelve directors; although, as has been stated, no dividend can be received on this individual stock, or any of it, until six per cent. is paid upon the $3,000,000 already alluded to as owned by the State.

That although the representation which now exists was fixed by the Act of 1835, chapter 395, as asserted by the majority of the committee, yet, for this reason, it is unjust, since the relative interests of the State of Maryland and the individual stockholders have greatly changed since that time.

In 1836, the year that the act last named was passed, the interest of the State in this company was $3,500,000, and the interest of individual stockholders was $3,000,000. The ratio, therefore, established by the act of 1835 was ten directors for the State and twelve for the individual stockholders.

Surely the ratio of representation ought now to be different, when the State owns only $3,891,000, and the individual stockholders own $7,677,000, which is more than double the amount held by individual stockholders when, by the act of 1835, the apportionment was ten directors to the State and twelve to the individual stockholders.

This increased stockholders' interest was acquired in part by purchase from the city of Baltimore, and in part by the return to the stockholders in stock of earnings loaned to the company, all of which loans and returns of said loans in the form of stock have been declared by the courts of this State to have been rightfully made.

The undersigned are of the opinion that this gross inequality in representation, as it now exists, ought to be reformed by the Legislature.

The undersigned think that the interests of the State in this company would be best promoted by relinquishing political control over its Board, and are not of the opinion that the road ought to be managed with a view to the interests of the Western counties only, as intimated by the majority of the committee in their report.

The Western counties have the Chesapeake and Ohio Canal, upon which the State has expended a principal sum of over seven millions; and has also provided for arrears of interest unpaid, which increase the liability incurred by the State, on this account, since the beginning of this work, to a sum more than double the seven millions already appropriated to this canal.

The undersigned think that the other sections of the State have thus acquitted themselves of obligation to the Western counties of Maryland, and that the counties of this State, which have derived no other benefit from the internal improvement system of the State, may well be permitted to see one part at least of that system so managed as to make the interest of the State in it profitable as an investment.

The experience of the Chesapeake and Ohio Canal Company has prevented the undersigned from perceiving the wisdom of State management in public works.

The undersigned think that the bill referred to the com-

mittee ought to be so amended to limit the directors of the individual stockholders to *twenty*, as recommended by two of the Commissioners of Public Works. The undersig ned think in all justice and fairness this ought to be done.

All of which is respectfully submitted

William Frazier,
George B. Westcott,
John F. Dent.